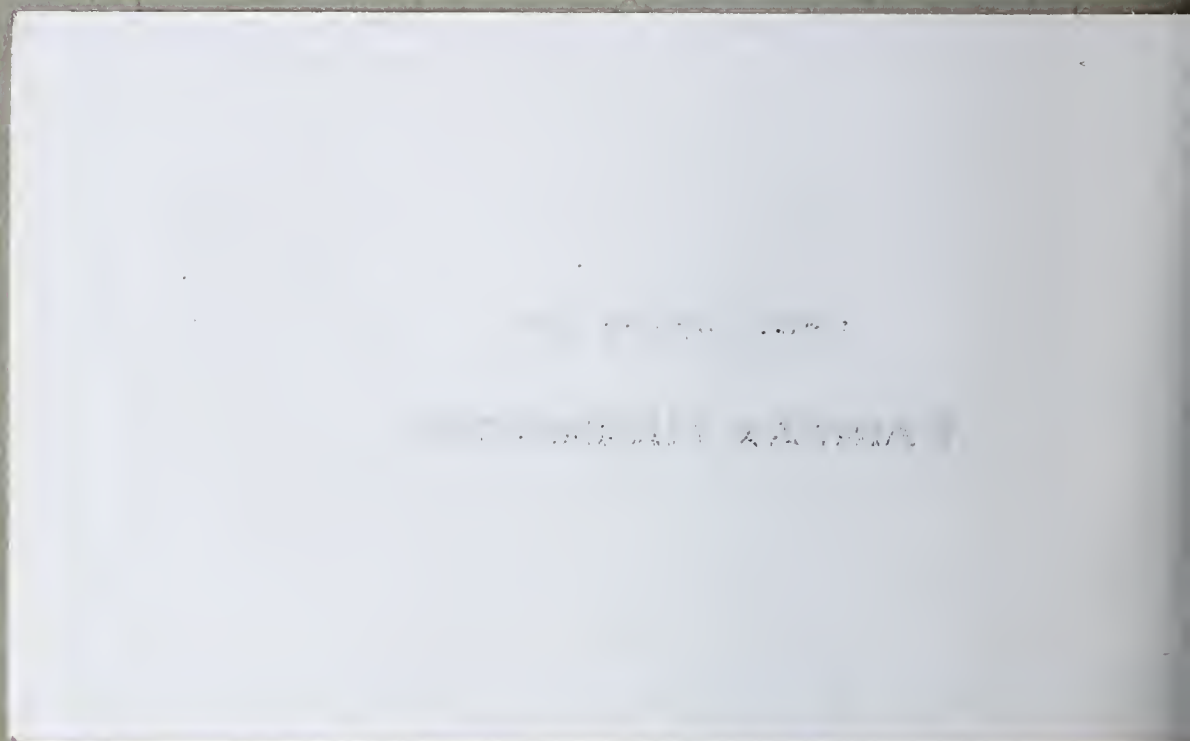


Southern Railway Company and Its Employees as Affected by the European War

An Address at a
Labor Day Celebration in Spencer, N. C.,
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By
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80



SOUTHERN RAILWAY COMPANY AND ITS EMPLOYEES AS AFFECTED BY THE EUROPEAN WAR.

I greatly appreciate the honor conferred upon me by the Mayor of Salisbury in inviting me to deliver a Labor Day address in your thriving city.

Perhaps to a greater degree than any other on the entire Southern Railway System, the business life of this community is dependent upon the fortunes of the Company. In common with other points on the railroad, Salisbury is interested in it as a highway of travel and of commerce, but the Company's disbursements in this community are so large that your business life is largely dependent upon the maintenance of its wage-paying and purchasing power.

There are in round numbers 2,000 names on our pay rolls at Salisbury and Spencer. On the basis of five to a family, this means that approximately 10,000 persons draw their support directly from the \$1,600,000 a year which the Company pays as wages in this community. The last Census gave Salisbury and Spencer a total population of 9,068. Assuming that this has since increased to 15,000, it will be seen that fully 66 per cent of the population draw their living from Southern Railway Company.

The first claim upon our resources, coming ahead even of the payment of wages, is for taxes and in the last year the Company paid taxes in Salisbury, Spencer and Rowan County to the amount of \$26,012.

It will thus be seen that, disregarding all other expenditures in this community Southern Railway payments for wages and taxes alone amount to \$1,626,000 or more than four times as much as the total payments to the Company at Salisbury and Spencer for freight and passenger service. With full appreciation of the importance and growing industry of this community, so characteristic of North Carolina today, it is still no exaggeration to say that, directly and indirectly, these two cities are largely supported by Southern Railway Company. Prosperity for the Company means then prosperity for Salisbury and Spencer and any condition that would make necessary a substantial and continued curtailment of the Company's activities would tend to bring ruin to this community.

It is proper, therefore, that, on this day and in this place, I should speak frankly of the relations of the Company to its employees with special reference to the crisis through which we are now passing.

We have on the rolls of Southern Railway Company a splendid body of employees. I am proud to say that, individually and collectively, our organization will compare most favorably for efficiency and loyalty with that of any other railroad system in the United States, be it North or South, East or West. In the broad sense of the word we are all employees. As the words are generally used the organization is composed of officers and employees, but the line between these two classes is not a barrier. Under the Southern Railway policy of filling vacancies in the higher grades by the promotion of qualified and loyal subordinates the line between employees and officers is constantly being crossed and in every department of the service there is a wide field for promotion. Like Napoleon's soldiers every one of us carries a field marshal's baton in his knapsack.

More than this: Aside from adhering to the policy which assures promotion so far as opportunity may arise, the management of the Company believes that it has shown its appreciation of its employees by just, and even liberal, treatment in the matters of wages and conditions of employment. For all classes of skilled labor Southern Railway Company and the railways of the South are paying as high wages as any railroads in the United States and higher than many, especially those north of the Ohio and Potomac rivers and east of Chicago in territory where the density of traffic which creates railway revenue is much greater than along our lines. We have met most of the expectations of our employees and, were it possible consistent with our whole duty, we would be glad to meet them all. Nothing in my career has given me more profound and sincere satisfaction than to be connected with a company which has been able to advance so notably—as Southern Railway Company has done—the social welfare of the sturdy, hard working, and faithful men who are its responsible employees, and I feel this whenever I have the privilege of shaking hands with and looking into the face of one of our older men—as I am always proud to do—a man who has known something of what conditions on the railroad used to be and what they are today. These older men have, themselves, largely made possible what we have been able to do for our employees generally and should have the credit for the advantages the younger men now enjoy almost without

knowledge of where they came from. I look forward with confidence to the efficient and sustained loyalty of these men making possible still further improvement in their own condition and that of their juniors. We can not, however, accomplish this without regard to the business conditions which make a railroad a living thing.

While the element of danger can not be entirely eliminated from some kinds of railroad employment, the management of Southern Railway Company is constantly endeavoring to reduce this danger to a minimum and to safeguard its employees and the public. Accidents by which employees or others are injured are systematically studied with a view to installing such appliances or issuing such instructions as will tend to prevent them in the future. The best practice of other Companies for the prevention of accidents is being closely studied in connection with our own initiative and every device and practice that is an improvement over what we already have is adopted so far as it is practicable for us to do so.

Our high level of wages and conditions of employment at least as favorable as substantially all of the other railroads in the United States were established at a time when the business of the Company was normal and when there was reason to expect increased earnings rather than the reverse. Suddenly we find today that the entire situation as affecting the business of the Company has been changed. Under the modern systems of world-wide exchange of commodities and of international credits, though the American people are at peace with all nations, the war in Europe has profoundly disturbed all lines of business in the United States and has brought about a curtailment of production and a consequent falling off in transportation, the full extent and duration of which no man can now predict with certainty. We know, however, that, although the war is being waged three thousand miles from our shores, its effects are being felt to a greater or less degree by practically every family in the United States. We also know that, unfortunately, the effects of the war are being felt in no part of the United States more seriously than in the South.

But a few weeks ago the South was looking forward after a winter of hesitating business to a season of unsurpassed prosperity. Rejoicing in having a substantial monopoly in supplying the world with cotton, the Southern people were looking with satisfaction upon the bountiful crop maturing in the fields which they had every reason to believe would be

sold at a remunerative price. When Europe plunged into war, because of the fact that a large proportion of the crop must seek foreign markets, the cotton monopoly of the South, instead of being a source of strength, became an economic weakness. The market for cotton was wiped out. Steps are now being taken by the Federal Government and by patriotic bankers to relieve the situation and prevent widespread bankruptcy and distress throughout the South. However successful these may be, they can afford only partial relief, for, excluded from foreign markets, a large proportion of the crop must be stored in the South and will not be offered for shipment for many months. The situation is made worse by the fact that the activities of American cotton mills are being hampered, not only by financial conditions, but also by inability to secure dyes which in the past have been supplied only by European countries involved in the war. Likewise Southern farmers will have to restrict their acreage of leguminous crops this year, because of inability to secure supplies of seed from Germany and Austria. Looking forward to next year, we find that, unless the war shall be of short duration, the manufacture of some kinds of commercial fertilizers, which are an important article of freight for the railroads of the South, will be greatly restricted because Germany is the sole source of supply of potash.

Under present conditions and prospects in the South all lines of business have fallen off and railroad traffic and earnings are showing substantial decreases. We hope for the best and are doing all in our power to bring about improved conditions. We are continuing the extensive construction work for which, fortunately, capital funds were secured before the war began. The disbursement of this money in Southern communities will be helpful, not only to the men employed, but to Southern business enterprises generally. We realize that, with all the great manufacturing and commercial nations of Europe involved in the war, there is splendid opportunity for the expansion of the export trade of the United States, especially to the markets of Central and South America, and we are actively co-operating with Southern manufacturers and merchants who desire to enter this field. But, under most favorable circumstances, it will take time for the business of our section to recover, and while we hope for better conditions for the South and the Southern Railway, we can not be blind to the present situation of declining traffic and decreasing earnings. It is then a time for caution. The Manufacturers' Record has this past week given an admirable statement of the duty which this situation imposes on us all. I venture to quote a paragraph:

“Every responsible citizen of the United States, in whatever calling he may be, should lose no time in adjusting his material affairs to meet the economic emergency created by the temporary paralysis of civilization in Europe. The very conveniences with which civilization has equipped mankind have begotten a world-wide sensitiveness to any action anywhere interrupting the play of the forces of civilization. In war involving directly seven peoples of Europe, and indirectly all peoples of that continent, the material influences for the advancement of the human race have virtually collapsed. Consequences are already felt in this country. They will become more manifest day by day and will persist for a while even after wholesale murder and rapine have ceased in Europe. The people of the United States are today beginning to pay the bills for the destruction wrought. Such payments mean resources taken from productive enterprises here and unjustified burdening of every capitalist and wage-earner, every farmer, every manufacturer, every banker, every merchant, every broker in the United States.”

In this situation the interests of all officers and employees of the Company are identical with the interests of its owners. Wages and dividends are drawn from the same fund—the earnings of the Company—with this important difference, that wages must be paid first regardless of whether there is anything left for dividends or not. But the owners of the property who have adventured their money in the provision of this great railroad system which gives employment to tens of thousands of Southern people have rights which can not be disregarded, and, but for the fact that it was anticipated that the Company would earn reasonable profits, it would have been impossible to secure the money with which we are now making it not only a more efficient carrier for the people of the South and a safer plant on which our employees may work, but are putting it in a position to afford employment to increased numbers of men when business shall have once more revived.

The earnings of the railroad, which are at once the source from which its expenses must be paid and the basis of its credit, can not be advanced by the mere volition of its managers. We are powerless to raise a single passenger or freight rate without the approval of a State or Federal commission, and we are now faced with the fact that earnings are decreasing, and that since August first each week's revenues

have been less than for the previous week, though the falling off has as yet been rather an indication of a tendency than of an actually serious condition.

I do not anticipate any trouble for the Company, but my point is that manifestly this is no time for consideration of wage increases or the eight-hour day. I should be lacking in frankness if I did not say that these matters can not now be considered by the management of Southern Railway Company and if I did not at the same time express the hope that our decrease in business may not become such as greatly to curtail opportunity for employment and make necessary a policy of strict retrenchment. Like the general staff of one of the warring nations of Europe we have long had a plan of retrenchment ready for the emergency and I may say that, disagreeable as retrenchment always is, we have the courage to put our plans into operation, if that shall seem to be to the best interest in the long run of the Company and of the Southern people. But, please God, it may not be necessary. What shall be the event lies largely in the demonstration of character, and patience, and cheerfulness of Southern men and women, and I venture to believe that we, as Southern men and women, will be as ready, as ever our ancestors were, to accept sacrifices when that shall prove necessary. If such shall become the necessity of Southern Railway Company, the sacrifice will be borne by officers as well as men, but I pledge you my word that I will keep the interests of our men and those dependent upon them faithfully in mind and that no sacrifice will be asked until it shall be necessary. As one responsible for the ultimate decision, I pray for strength to decide right and I ask with confidence the understanding and the support of all you men and women here assembled with whom I am linked in a strong bond of common service to the public and the attachment of many years of association.

It is a time when all patriotic Southern men should stand shoulder to shoulder, each doing all in his power to lessen the severity of the business depression in the South and to hasten its recovery. It is with confidence also that I appeal to all Southern Railway officers and employees, and to their families, to put our Company in the lead in this movement, each of us in his respective station doing his full duty and endeavoring to make our railroad a more efficient servant of the Southern people and more helpful to them in the present crisis.